

**Comptroller's Directive No. 3-08**  
**Attachment 8**  
**Schedule of Inventory on Hand as of June 30**

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**Purpose** This attachment is used to gather financial information for reporting materials and supplies inventory on hand at June 30 in the CAFR. This attachment is similar to prior year's Attachment 7.

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**Applicable agencies** Agencies with supplies and materials exceeding \$1,000,000 that are not reported in a financial statement template must complete this attachment.

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**Due date** **July 31, 2008**

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**Certification** The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same individual for any tab.

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**Submission requirements** Contact DOA if the agency has any problems with the files.

**After downloading the files, rename the spreadsheet using the agency number followed by Att8.** For example, agency 151 should rename the Attachment 8.xls file as 151Att8.xls.

**Submit the Excel spreadsheet electronically to [finrept-agvatt@doa.virginia.gov](mailto:finrept-agvatt@doa.virginia.gov).**

**Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).**

**Do not submit paper copies of the Excel spreadsheet.**

For your convenience, the yellow contact information cells have been linked to the remaining tabs. However, they remain unlocked to allow for more than one preparer to complete the attachment.

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*Continued on next page*

**Comptroller's Directive No. 3-08**  
**Attachment 8**  
**Schedule of Inventory on Hand as of June 30**

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**Attachment  
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log tab in the attachment excel file.**

Enter the revision date, applicable excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Include “**REVISED – date**” in the **subject line** of the submission e-mail as well as in the **file name**. Resubmit the revised attachment; and ensure that the **Revision Control Log** tab has been completed.

**Each time a revision is submitted the Certification tab should be updated with new signatures and dates.**

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**Examples of  
inventory**

Examples of materials and supplies inventory include office supplies, clothing for inmates or patients, and food stock.

The following items should **not** be included in inventory.

- Consigned inventory
  - Audiovisual equipment
  - Donated food
  - Pledged inventory (refer to **Glossary** section for definition)
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**Control  
procedures**

Control procedures are required regardless of materiality. If a physical count is necessary, contact DOA, as needed, for guidance and inform the agency's APA contact of inventory count dates.

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**Attachment 8**  
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**CAPP Manual  
Topic 30515 –  
Supplies and  
Materials  
Inventory**

This CAPP topic provides Objectives and Standards for an inventory control system as well as specific policies and procedures for maintaining and accounting for supplies and materials inventory. Please review this topic for additional guidance on conducting physical inventories.

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**Completing  
Inventory tab  
attachment**

Instructions for completing this attachment are in the following tables.

Step	Action
1	<p>For your convenience, it is only necessary to enter the contact information on the Inventory tab. The contact information is linked to the remaining tabs; however, the contact information in the remaining tabs may be overwritten if necessary. Agencies should use the drop down list to select the agency number and complete the remaining contact information.</p> <p>The agency name and prior year total inventory will be populated automatically when the agency number is entered.</p>
2	<p>If the agency has inventory, ensure the agency has procedures to identify, control, and safeguard inventory as follows.</p> <ul style="list-style-type: none"><li>• Appropriate access to inventory by employees</li><li>• Proper segregation of duties in the inventory process, from purchasing to distribution to users</li><li>• Secure location for storing inventory</li><li>• Adequate insurance coverage for inventory</li></ul>
3	<p>Determine the value of inventory, either through a physical count or other acceptable means. See the following table for more details on <b>determining value</b>.</p>
4	<p><b>The attachment is designed to only require keying in the shaded yellow cells.</b> Type the agency number on the first yellow cell of the attachment. After you hit enter, the agency name and prior year balance will be filled in automatically. Enter the agency contact information.</p>

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**Comptroller's Directive No. 3-08**  
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[Completing Inventory tab attachment](#) (continued)

<b>Step</b>	<b>Action</b>
5	Complete the remainder of the attachment. Use whole numbers for all entries. The total dollar amount of inventory on hand will be automatically entered into the appropriate cell and the variance will be calculated.
6	A fluctuation analysis is required for variances <u>greater than 5% AND / OR \$250,000 over / under prior year amounts</u> . If a fluctuation analysis is required, it will be indicated on the attachment after all amounts have been entered. Ensure that these variances are fully explained in the space provided.

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**Comptroller's Directive No. 3-08**  
**Attachment 8**  
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**Determining  
value**

Use the following table to determine if a physical count is needed.

<b>If inventories are...</b>	<b>Then is a physical inventory required?</b>
1. <b>Not</b> reported in a financial statement template <b>and</b> the amount as of June 30 is expected to be greater than \$1,000,000 <b>and all</b> of the following conditions exist: <ul style="list-style-type: none"><li>• A complete annual physical inventory is impractical</li><li>• Maintain a perpetual inventory system</li><li>• Adopted a proper technique for performing an ongoing physical inventory of all material individual items throughout the year</li><li>• Adopted a statistical sampling technique to estimate the quantities of goods on hand at a particular date</li></ul>	No
2. <b>Not</b> reported in financial statement template <b>and</b> the amount as of June 30 is expected to be greater than \$1,000,000 <b>and not exempted above.</b>	Yes

**Note**

If State or Federal regulations apply to the inventory, evaluate those regulations when determining whether to perform a physical inventory count. **Donated food**, although not reported on the financial statements, must still be counted for Federal reporting purposes.

If a physical count is necessary, carefully plan the physical count, perform the count in an efficient and systematic manner, and determine the value of inventory.

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**Comptroller's Directive No. 3-08**  
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**Pricing  
methods**

The agency must use a pricing methodology acceptable by generally accepted accounting principles, which requires inventories to be reported at the lower of cost or market. The most commonly used method is FIFO (first in, first out).

Inventory should be reduced to net realizable value by eliminating the value of items noted as obsolete, defective, excessive, or slow moving. Also, exclude consigned and / or donated inventory.

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